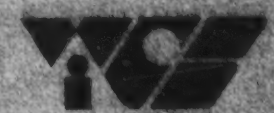
WORKERS' COMPENSATION BOARD OF THE NORTHWEST TERRITORIES AND NUNAVUT

2001-2005 CORPORATE PLAN



MISSION STATEMENT

To promote accident prevention, and to provide workers and employers with quality services.

VALUES

The Workers' Compensation Board of the Northwest Territories and Nunavut is committed to the following values:

1. We treat others with fairness and respect.
2. We do what we say we'll do.
3. We are open and truthful in our dealings with others.
4. We work hard to be the best we can be.
5. We are responsive to our clients.

This document is prepared annually by the Board of Directors of the Workers' Compensation Board:

JoAnne Deneron . . . . . .Chairperson
Andy Wong . . . . . Member (Employer Representative)
Metro Solomon. . . . . Member (Public Interest Representative)
Alex Stuit . . . . . Member (Worker Representative)
Fern Denault. . . . . Member (Worker Representative)
Tim Butler . . . . . Member (Employer Representative)
Dan Halldorson. . . . . Member (Public Interest Representative)

The Corporate Plan is published as a matter of record, pursuant to subsection 91(1) of the *Financial Administration Acts* of the two Territories.

102-02237/

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Introduction

Each year, the Board of Directors produces a strategic plan for the future of the compensation system in the Northwest Territories and Nunavut. This year, the Board's key strategies remain those identified in the 2000-2004 Corporate Plan.

Ongoing focus on accident prevention, service delivery and financial management will allow the WCB to continue to demonstrate leadership in the areas of compensation and safety. All indications point to the WCB being on track with the initiatives identified under each of the six key strategies. However, the Board of Directors has identified several additional initiatives, which have been incorporated into the 2001-2005 Corporate Plan.

This year has also been one of transition for the Board of Directors. Gordon Wray, Don McNenly, Vivian Stevely and George Kuksuk left the Board this year after lengthy terms of office. Some of their accomplishments included:

- achieving a major financial turnaround - from a deficit position in 1992 to being one of the best funded boards in Canada;
- significantly improving stakeholder relations;
- successfully integrating Prevention Services with the WCB, and making safety a priority;
- improving service to both injured workers and employers;
- accomplishing a successful transition to a shared workers' compensation agency for the two new territories; and
- making the NWT and Nunavut WCB a leader in benefit levels and assessment rates.

1 Workplace Accidents Reduced by Five Percent Each Year.

Intent:

In partnership with workers and employers, a reduction in workplace accidents by five percent each year over the next five years will represent a significant improvement in the quality of safe work practices in the two territories. Safer workplaces will also mean that less time and money are lost due to workplace accidents. Ultimately, the Board wants the safety record in the NWT and Nunavut to be the best in Canada, and its inspectors to be respected in all workplaces in the North.

Challenges:

Reducing workplace accidents by five percent each year will be difficult, considering that:

- many employers, particularly small employers in remote areas, remain unaware of the benefits of having a fully functioning Internal Responsibility System, or lack the resources to implement it;
- a significant portion of the workforce is untrained and inexperienced in safety practices; and
- many employers are involved in seasonal operations or short-term projects.

Staff and resources must be allocated wisely in order to meet the challenges of promoting safety over such a large geographic area.

Actions:

1. Develop an accurate Accident Statistics Measurement Program to help measure and monitor safety performance.
2. Promote accident education in schools via the "Safety & Young Worker" Program.
3. Promote the Internal Responsibility System, featuring safety education, enforcement, safety audits and inspections, as a means of giving workers and employers the knowledge and awareness to meet their personal responsibilities for safety.
4. Develop an Employer Incentive Program to promote accident prevention partnerships with employers and workers.

2 Eighty Percent of Clients Satisfied.

Intent:

Attaining this level of client satisfaction will represent program and service delivery that is meeting or exceeding stakeholder expectations. To that end, it is important to have a highly motivated, well trained and stable workforce, and an efficient telecommunications network.

Challenge:

Achieving a high level of client satisfaction will be difficult if stakeholders are unclear about their expectations, or simply frustrated with their assessments/entitlements.

Actions:

1. Clarify client expectations by establishing customer service committees to help develop "satisfied client" profiles.
2. Educate stakeholders with respect to the WCB's role, programs, services and processes. A better understanding of stakeholder expectations will be achieved by analyzing survey results and customer service committee feedback.
3. Measure the existing client satisfaction rate as a benchmark for further surveys on client satisfaction.
4. Focus on excellence in client service by developing core competencies, encouraging teamwork and utilizing technology to improve service delivery and information quality.
5. Achieve and maintain a time to first payment that meets injured workers' expectations.
6. Focus on alternatives to resolving disputes before they reach the appeals level, and on improving turnaround times for appeal decisions.

3 ully Funded Status Maintained, While ontinuing to Demonstrate Leadership in Assessment Rates and Benefit Levels.

Intent:

Maintaining, or improving on, fully funded status will allow the WCB to protect the Accident Fund from unanticipated events, fraud and error. It will also position the WCB to continue demonstrating leadership in benefit levels, assessments, prevention activities and investment returns.

Challenges:

Maintaining leadership in these areas will be difficult, given:

- an out of date classification and assessment system;
- high administration costs due to geography and small economies of scale;
- legal challenges to the compensation system;
- a YMIR established by legislation in two jurisdictions; and
- continued territorial, national and global economic uncertainty.

Actions:

1. Enhance the effectiveness of the error and fraud detection program to help protect the integrity of the Accident Fund.
2. Ensure fairness in the classification system and leadership in assessment rates to ensure that our rates are among the three lowest in Canada.
3. Provide leadership in benefits to ensure that our benefit levels are among the three highest in Canada.
4. Improve the quality of business analysis so that unanticipated events and other challenges to the Accident Fund can be effectively anticipated.
5. Explore the feasibility of having the YMIR cover 80 percent of lost remuneration for every claimant, regardless of industry.

4 Comprehensive Changes Made to the *Workers' Compensation Acts* and Policies, the *Safety Acts* and the General Safety Regulations.

Intent:

A comprehensive review of territorial safety and compensation legislation and policies will position the WCB to better meet the needs of stakeholders.

Challenges:

Making changes to existing compensation and safety legislation will have to take into account that:

- a comprehensive review of territorial safety and compensation legislation has not occurred for some time;
- stakeholders have conflicting and unclear needs, as well as varied interest levels; and
- legislative amendments will need to be passed by two Legislative Assemblies.

Actions:

1. Develop position papers to facilitate discussion.
2. Conduct stakeholder consultation on proposed amendments.
3. Develop legislative proposals.
4. Provide drafting instructions for revised Acts.
5. Propose amendments to the General Safety Regulations.
6. Revise policies to reflect changes in legislation.
7. Communicate legislative and policy changes to stakeholders.
8. Provide staff training to administer new legislation and policies.

5 Optimal Solution Achieved for Service Delivery in the Two Territories by 2001.

Intent:

The Board of Directors and staff will focus on:

- creating the "optimal solution" for workers, employers and government;
- providing factual and timely information to stakeholders;
- maintaining the best quality services to stakeholders throughout the process; and
- playing a non-partisan role.

Challenges:

Ensuring that stakeholders are informed and kept up to date will be a challenge.

A decision on whether to have one or two Boards is required by December 31, 2000. The changing political environment will impact this decision. In the interim, the Inter-governmental Agreement must continue to be implemented fairly.

Actions:

1. Develop a Negotiations Options Paper.
2. Initiate a stakeholder communications campaign, which will:
    - remind stakeholders of our shared agency status;
    - outline issues to be considered by stakeholders; and
    - advise stakeholders of the final decision.
3. Develop a contingency plan for one or two WCBs.
4. Implement an Aboriginal Employment Plan for the two territories.
5. Implement the termination clause in the current Inter-governmental Agreement, or implement the new agreement.
6. Develop options to improve representation in all regions of the Northwest Territories and Nunavut.

6 Comprehensive Performance Measurement System Implemented by 2002.

Intent:

Incorporating measurable performance standards will position the WCB to better assess the impact of its programs and services, and refine and improve programs to better meet stakeholder needs.

Challenges:

Appropriate means will have to be found to measure program effectiveness without over-surveying stakeholders.

Actions:

1. Develop a balanced scorecard approach to report performance.
2. Develop key performance indicators for identified programs and services.
3. Identify measures and benchmarks for performance levels.
4. Report on performance.

The Environment

The WCB of the NWT and Nunavut, like WCBs in many other jurisdictions, is experiencing a period of relative calm and balance. This is primarily due to the prudent financial management of the Accident Fund, the success of a number of operational initiatives, and an enhanced focus on occupational health and safety as a means to preventing accidents. It is also evident that stakeholders are becoming more conscious of safety in the workplace, and more aware of their needs with respect to disability management.

Having said that, it is only by constantly examining our environmental, economic and workplace trends and influences that the WCB can improve service delivery, and ensure balance in our compensation and safety systems.

In the previous review of its environment, the WCB identified volatility in the financial and currency markets, stagnant economic growth, interregional labour mobility, Division and Y2K as some of the key issues affecting our organization.

This environmental scan builds on these challenges by suggesting further areas and opportunities for the Board of Directors to explore in its strategic planning sessions.

The Economic Environment

Gross Domestic Product (GDP) in the NWT and Nunavut continued to grow in 1998 (1.6 percent), although at a lower rate than the Canadian average of 3.1 percent. Preliminary estimates indicate that Canadian GDP grew fairly sharply in 1999, rising by 4.2 percent.

Fixed capital investment, in both the private and public sectors, continues to be the key factor stimulating growth in the territorial economies. Capital expenditure intentions for 2000 are estimated at $600.8 million, representing an increase of 10 percent relative to 1999. This increase is well above the Canadian average of 1.3 percent, and is the largest projected in Canada. Investments in the construction industry, along with mine, oil and gas extraction, are fueling this increase.

Employment levels in the NWT and Nunavut have remained fairly stable over the past two years, with increased employment associated with the mining sector offsetting decreases in public sector employment. Not surprisingly, employment is centred around the service-producing industries (public administration, retail trade, and health and social services).

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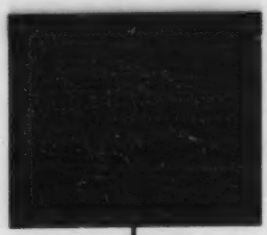
Economic development continues to thrive in the NWT and Nunavut. Earlier this year, Dene, Metis and Inuvialuit leaders agreed to build a Mackenzie Valley gas pipeline to the Beaufort Delta, and to own and manage it. A recent study concluded that this development could result in more than 2,500 jobs over a four-year period in this region alone. In the Liard Valley, eight producers have discovered one trillion cubic feet of gas, with total reserves estimated at six trillion cubic feet.



Earlier this year, the Canadian government agreed to negotiate the devolution of oil and gas administration to the NWT, and to share resource revenues with northern governments.

The NWT diamond industry now places Canada among the top five diamond producing nations in the world. Over 600 people work at Ekati, Canada's first diamond mine, and over 400 are expected to work at the Diavik mine (presently under construction). Winspear Resources is expected to request approval for a third diamond mine.

These three mines are expected to produce gross revenues of over $26 billion. The lion's share of these revenues will go to the mining companies and the Federal government (in the form of royalties and taxes), but these mines will also mean jobs and business opportunities for northerners.

A secondary diamond industry has also commenced operations in the NWT – two cutting and polishing plants operate in Yellowknife, and a third is to open soon.

In addition to direct employment impacts, the diamond industry has a secondary impact on the northern economies. A recent study estimates that for each direct job at the BHP Ekati Mine, 1.7 jobs are created in the service industry. With the addition of secondary processing, this figure is estimated to rise to 2.0 indirect jobs.

Implications for the WCB

Mining and construction are two inherently dangerous industries, and it is clear that they (along with the tourism industry) will drive growth in the northern economies in the foreseeable future. The WCB must be effectively positioned to deal with the number and type of claims which may result from this development. Moreover, the WCB must ensure that both employers and workers have the knowledge, skills and tools required to meet their respective responsibilities for workplace safety. The continued focus on exploration activity suggests an additional challenge facing the WCB.

The NWT/Nunavut Labour Force

Of the total labour force, employment in the mining and construction industries – our highest risk sectors – is increasing at the fastest rate. In addition, the vast majority of NWT and Nunavut employers are small businesses, which traditionally have presented challenges, particularly in the delivery of the WCB's occupational health and safety programs.

In 1999, there were 5,477 active businesses in the NWT and Nunavut – an increase of 5.4 percent over 1995. Of these, 39 percent and 35 percent of businesses were self-employed in 1999 and 1995, respectively.

Northwest Territories

Compared to the rest of Canada, participation in the labour force is highest in the NWT, with a participation rate of 78.3 percent, compared to the Canadian rate of 64.5 percent (Winter, 1999). Only the Yukon and Alberta also had participation rates over 70 percent. This, in part, reflects the relatively young population of these three jurisdictions.

While higher participation rates are apparent for both genders and all age categories, unemployment rates are also higher in the NWT at 13.7 percent (compared to the national rate of 8.5 percent).

NWT labour force characteristics vary significantly by age and sex, for aboriginal and non-aboriginal persons, and by geographic area. Males were more likely than females to be in the labour force, with a participation rate of 82.1 percent, compared to 74.0 percent for females. However, males also had a significantly higher unemployment rate (15.4 percent, compared to 11.6 percent). Aboriginal persons were less likely to be in the labour force, having a participation rate of 65.3 percent, compared to 89.2 percent for non-aboriginals.

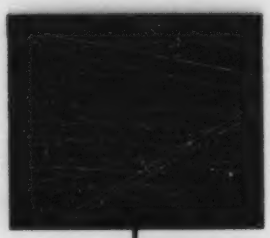
Not surprisingly, labour force participation varies widely among communities. For example, the unemployment rate is above 40 percent in Rae Lakes, Rae-Edzo, Trout Lake and Wrigley. By comparison, communities with unemployment rates under 10 percent include Yellowknife, Hay River, Inuvik and Norman Wells.

Overall, participation rates have remained stable over the past decade, with high unemployment in the smaller communities and (relatively) low unemployment in the city centres. However, there has been some improvement in employment conditions among aboriginal persons over time.

Nunavut

[comparable Nunavut Labour Force data presently unavailable]

Although the overall levels of educational achievement in the NWT and Nunavut are improving, many segments of the population remain significantly lower than the national average. These low educational levels contribute to higher unemployment among aboriginal residents in many communities, resulting in heavy reliance on income support programs.



practices, in the many communities, will continue to present a unique challenge.

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Appendix A
The Environment

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Territorial Investment (2000 Projected): $600.8 million

Employment (May 1999):
NWT – 18,389
Nunavut – 7,850

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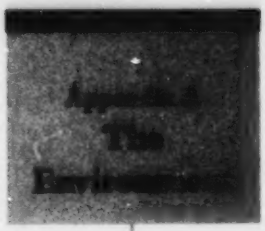

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Overall, participation rates have remained stable over the past decade, with high unemployment in the smaller communities and (relatively) low unemployment in the city centres. However, there has been some improvement in employment conditions among aboriginal persons over time.

Implications:

While economic growth brings jobs, it also increases the likelihood of workplace injury. Training the North's relatively young workforce in safe work practices, in the many communities, will continue to present a unique challenge.

Nunavut

[comparable Nunavut Labour Force data presently unavailable]

Although the overall levels of educational achievement in the NWT and Nunavut are improving, many segments of the population remain significantly lower than the national average. These low educational levels contribute to higher unemployment among aboriginal residents in many communities, resulting in heavy reliance on income support programs.

Implications for the WCB

The large number of young people in the NWT and Nunavut means that new jobs must be created in order to keep these people employed when they reach adulthood. It is estimated that 3,500 new jobs are needed by the year 2008. Furthermore, many of these jobs will likely be in professional or technical occupations. The WCB's challenge will be to ensure that these young people are fully aware of their responsibility for workplace safety (particularly if there are differences in literacy levels), as well as their rights and obligations under the workers' compensation system, in the event of injury.

Appendix A
The Environment

The Canadian Workers' Compensation Environment

With continued economic growth in Canada, a number of jurisdictions are experiencing increases in the rate of injuries. Rather than waiting for more accidents and claims to process, WCBs have focused on accident and injury prevention through partnerships with employers and workers.

This typically has included distributing information on how to prevent injuries in high-risk industries and occupations, improving targeting procedures, enhancing firm monitoring, and supporting effective joint employer and worker health and safety agencies.

Public consultation continues to be a major focus for several jurisdictions (Ontario, British Columbia, Alberta, Nova Scotia), particularly when considering major new initiatives. From developing new health and safety standards, to revamping employer classification systems, employer and worker input is sought from a range of regions and industries to ensure proposed initiatives are appropriate.

Nova Scotia, for example, is undertaking a major legislative review in 2001. A key component of this review will be ensuring that appropriate information is provided to those that have the power to initiate statutory change.

In addition, WCBs have begun to re-focus how they communicate with stakeholders. For example, Alberta is using a new "All About Decision Letters" style guide and training program for all case management staff.

Marketing WCB services, such as those related to vocational rehabilitation, remains a focus of a number of jurisdictions. This ensures that stakeholders can take full advantage of the services and benefits that are available.

- improved communication
- enhanced marketing of services

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The NWT/Nunavut Workers' Compensation Environment

This section identifies accident and injury trends in the NWT and Nunavut, and comments on how these trends may affect the WCB. It also highlights a number of key strategic issues which directly concern the WCB.

Trends

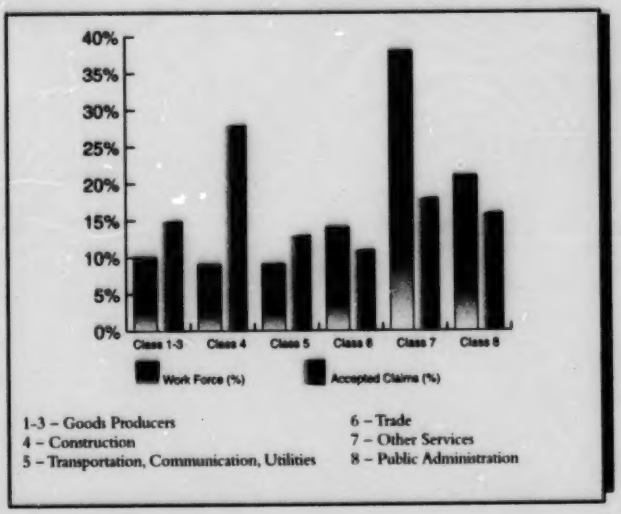
The WCB witnessed a 38.9 percent decrease in its 1999 assessment revenues (due to a slight decrease in economic activity and a 35 percent discount applied to assessment rates).

In 1999, the WCB experienced a slight decrease in its total claims costs, despite a slight increase in the cost of current year claims. Overall, the WCB administered 2,715 claims in 1999, a reduction of eight percent over the previous year, reflecting, in part, lower economic activity in 1999. Employers who improved their workplace safety practices also deserve credit for contributing to this decline.

Injuries to muscles and joints, surface wounds and bruises, and back strains continue to be the most common types of injuries. As Table A indicates, there is an inverse relationship between accepted claims and the distribution of the labour force. For example, the majority of accepted claims occur in the construction industry, an economic sector accounting for less than 10 percent of the labour force.

Table A

Distribution of Workforce and Accepted Claims, by Economic Sector (1999)



1-3 – Goods Producers
4 – Construction
5 – Transportation, Communication, Utilities
6 – Trade
7 – Other Services
8 – Public Administration

Overall, the WCB's financial strategies continue to pay dividends. Although only a 6.6 percent annualized market rate of return was achieved on investments in 1999, unrealized gains from previous years' returns provided for a fifth successive year of positive investment performance. The WCB's funded position (the degree to which assets cover liabilities) increased to 133 percent at the end of 1999, with an Operating Reserve of $54.7 million.

The 35 percent discount will be applied to assessment rates for two more years. This means that the WCB will have reduced employer assessment rates for five consecutive years.

Workers have also benefited from the WCB's strong financial position, as increases to both workers' benefits and pensions are being recommended for 2001. The WCB currently is tied for the highest Year's Maximum Insurable Remuneration in Canada, and has the lowest average provisional assessment rate.

The WCB continued to focus its efforts on improving workplace health and safety in 1999. Over 2,300 workplace inspections were conducted (up from 682 in 1998), and over 2000 orders were issued. Overall, WCB staff visited 79 percent of northern communities to conduct training and inspections in 1999.

Trends in assessment revenues, accidents and injuries, by subclass and individual employer, will continue to be actively monitored. This will allow the WCB to be proactive in addressing areas of concern, and to be prepared to explore opportunities to improve stakeholder service.

Strategic Issues

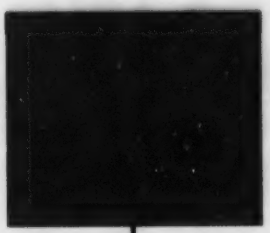
Decision on a shared WBC

In 1999, the GNWT and the Interim Commissioner of Nunavut signed an Inter-governmental Agreement to allow the WCB to operate under the shared control of Nunavut and the NWT. Unless extended or amended, this agreement will terminate on December 31, 2002. Negotiations on whether to continue the shared WCB will take place this year, with December 31, 2000 being the "drop dead" date (the date by which a decision to extend the Shared Agency must be made or the WCB will begin implementing the split).

Until a final decision is reached, the WCB continues to seek ways to improve service delivery in the two territories.

Legislative Review

The two *Workers' Compensation Acts* have not been amended, in their entirety, since 1977. To ensure that this legislation currently addresses stakeholder needs, the Board of Directors is recommending a full legislative review of the NWT and Nunavut *Workers' Compensation Acts* by 2004. As indicated by the surviving spouse issue, stakeholders are becoming more aware of their constitutional rights. Accordingly, the WCB should ensure that its legislation is constitutionally sound.



The NWT and Nunavut *Safety Acts* and General Safety Regulations also require legislative review.

Continuous Improvement

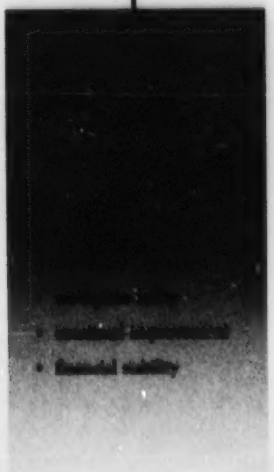
The WCB has established a performance management team to develop measurable performance standards for its programs and activities. A balanced scorecard approach has been adopted to report performance and enhance operational accountability.

Identifying benchmarks and targets for performance levels, as well focusing on results (as opposed to activity measures), will position the WCB to better assess the impact of its programs and services, and to refine and improve programs to better meet stakeholder needs.

Workplace Safety

Occupational health and safety in the North continues to be an issue of paramount importance. The accident frequency rate (measured per 100 employed) in the NWT and Nunavut was 3.03 in the first quarter of 2000, compared to 3.2[illegible] in 1999. Achieving an annual accident frequency rate of 3.13 will allow the WCB to meet its 5.0 percent accident reduction target for the year 2000. Overall, the Board of Directors has set an aggressive five year target to achieve an accident frequency rate of 2.55 per 100 employed.

As the recent Qikiqtaarjuaq (Broughton Island) clam diving issue revealed, increased attention must be paid to raising the level of stakeholder knowledge of health and safety. This can be achieved, in part, through the establishment of partnerships between the WCB and various stakeholder associations. The WCB's role in these partnerships would be to provide safety information and training on issues relevant to each industry sector. The role of stakeholder associations would be to consult with its members, identify issues and promote accident reduction initiatives.



Legislative Review

The two *Workers' Compensation Acts* have not been amended, in their entirety, since 1977. To ensure that this legislation currently addresses stakeholder needs, the Board of Directors is recommending a full legislative review of the NWT and Nunavut *Workers' Compensation Acts* by 2004. As indicated by the surviving spouse issue, stakeholders are becoming more aware of their constitutional rights. Accordingly, the WCB should ensure that its legislation is constitutionally sound.

The NWT and Nunavut *Safety Acts* and General Safety Regulations also require legislative review.

Appendix A
The Environment

Continuous Improvement

The WCB has established a performance management team to develop measurable performance standards for its programs and activities. A balanced scorecard approach has been adopted to report performance and enhance operational accountability.

Identifying benchmarks and targets for performance levels, as well focusing on results (as opposed to activity measures), will position the WCB to better assess the impact of its programs and services, and to refine and improve programs to better meet stakeholder needs.

Workplace Safety

Occupational health and safety in the North continues to be an issue of paramount importance. The accident frequency rate (measured per 100 employed) in the NWT and Nunavut was 3.03 in the first quarter of 2000, compared to 3.29 in 1999. Achieving an annual accident frequency rate of 3.13 will allow the WCB to meet its 5.0 percent accident reduction target for the year 2000. Overall, the Board of Directors has set an aggressive five year target to achieve an accident frequency rate of 2.55 per 100 employed.

As the recent Qikiqtaarjuaq (Broughton Island) clam diving issue revealed, increased attention must be paid to raising the level of stakeholder knowledge of health and safety. This can be achieved, in part, through the establishment of partnerships between the WCB and various stakeholder associations. The WCB's role in these partnerships would be to provide safety information and training on issues relevant to each industry sector. The role of stakeholder associations would be to consult with its members, identify issues and promote accident reduction initiatives.

regional offices
- reviewing compensation and safety legislation
- workplace safety
- continual improvement
- financial stability

Financial Stability

Maintaining the WCB's strong financial position will continue to be a challenge, particularly in light of volatility in the financial markets. Both workers and employers have benefited from the WCB's success in managing the Accident Fund, and the WCB must remain committed and able to maintain low assessment rates and high worker benefits. The WCB's conservative investment mix may need to be examined in light of investment performance over the past year.

The WCB will explore rate modification programs as a means to improve the assessment system. The NWT and Nunavut (along with the Yukon) are the only jurisdictions without such a program.

Questions or comments may be directed to:

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